

**GAO**

**Testimony**

Before the Subcommittee on International Security,  
Proliferation and Federal Service Committee on  
Governmental Affairs, U.S. Senate

For Release on Delivery  
Expected at 9:30 a.m., EST  
Monday March 18, 2002

**MANAGING FOR  
RESULTS**

**Building on the Momentum  
for Strategic Human  
Capital Reform**

Statement of David M. Walker  
Comptroller General of the United States

20020320 173

**DISTRIBUTION STATEMENT A**  
Approved for Public Release  
Distribution Unlimited



**G A O**

Accountability \* Integrity \* Reliability

---

Chairman Akaka, Ranking Member Cochran, and Members of the Subcommittee:

I am pleased to be here today to discuss the progress and next steps that the federal government needs to take in order to manage its most important asset—its people, or human capital. My central point today is that an organization's people define its culture, drive its performance, and embody its knowledge base. As such, effective human capital approaches must be at the center of efforts to transform the culture of federal agencies so that they become less hierarchical, process-oriented, stovepiped, and inwardly focused; and more flat, results-oriented, integrated, and externally focused. The legislation you are considering today, both in its basic underlying principles and in some of its major provisions, would make a positive contribution to advancing this needed cultural transformation.

The tragic events of September 11 and the continuing efforts at homeland preparedness dramatically demonstrate what many of us have long appreciated— public servants at all levels of government play an essential role in keeping us safe, secure, and free. The response to September 11 and other recent events also have underscored the urgency of dealing with federal human capital issues. As you know, Mr. Chairman, we testified last week before this subcommittee on one aspect of the human capital implications of September 11—the challenges agencies face in meeting their needs for staff with foreign language skills.<sup>1</sup> More generally, the Federal Bureau of Investigation and other federal law enforcement agencies have been forced to rethink their missions and programs including critical staff needs, skills mixes, and the geographic distribution of staff. In addition, the newly formed Transportation Security Administration must deal with a host of enormous challenges associated with starting a new agency virtually from scratch, most dramatically shown by the need to hire over 40,000 employees, including about 30,000 screeners that must be deployed by November 19, 2002.

From an entirely different but also time-sensitive perspective, the collapse of Enron has highlighted attention to the fact that U.S. securities markets have grown tremendously in recent years and become more complex and

---

<sup>1</sup>U.S. General Accounting Office, *Foreign Languages: Workforce Planning Could Help Address Staffing and Proficiency Shortfalls*, GAO-02-514T (Washington, D.C.: Mar. 12, 2002).

---

volatile. As a result, for example, the Security and Exchange Commission's workload has increased in volume and complexity over the last decade, while its ability to hire and retain skilled staff has not kept pace.<sup>2</sup>

While recent events certainly underscore the need to address the federal government's human capital challenges, the basic problem has been the longstanding lack of a consistent strategic approach to marshaling, managing, and maintaining the human capital needed to maximize government performance and assure its accountability. Serious human capital shortfalls are eroding the capacity of many agencies, and threatening the ability of others, to economically, efficiently, and effectively perform their missions.<sup>3</sup> The federal government's human capital weaknesses did not emerge overnight and will not be quickly or easily addressed. Committed, sustained, and inspired leadership and persistent attention on the behalf of all interested parties will be essential if lasting changes are to be made and the challenges we face successfully addressed.

On the other hand, as a very positive development, we are seeing increased attention to strategic human capital management and a real and increasing momentum for change is now evident.

- In January 2001, GAO designated strategic human capital management as a governmentwide high-risk area.
- In August 2001, President Bush placed human capital at the top of his management agenda.
- Subsequently, the Office of Management and Budget (OMB) assessed agencies' progress in addressing their individual human capital challenges as part of its management scorecard in preparation of the fiscal year 2003 budget.
- As one of its many efforts to help agencies with these issues, the Office of Personnel Management (OPM) released a human capital balanced scorecard last December to assist agencies in responding to the OMB scorecard.

---

<sup>2</sup>U.S. General Accounting Office, *SEC Operations: Increased Workload Creates Challenges*, GAO-02-302 (Washington, D.C.: Mar. 5, 2002).

<sup>3</sup>U.S. General Accounting Office, *Performance and Accountability Series—Major Management Challenges and Program Risks: A Governmentwide Perspective*, GAO-01-241 (Washington, D.C.: Jan. 2001). In addition, see the accompanying 21 reports (numbered GAO-01-242 through GAO-01-262) on specific agencies.

- 
- Finally, Congress, under the leadership of this subcommittee and the Senate Governmental Affairs Committee, has underscored the consequences of human capital weaknesses in federal agencies and pinpointed solutions through oversight and the wide range of hearings held over the last few years.

As requested by the subcommittee, my statement today will explore how strategic human capital management can contribute to transforming the cultures of federal agencies. First, I will highlight the major components of a new model of strategic human capital management that we released last week as an exposure draft to assist agencies in making that transformation. In developing this model, we benefited from the insights and suggestions of Director James and her staff at OPM, OMB, and many others both inside and outside of the federal government. Second, I will discuss some key practices that agencies need to have in place to effectively use human capital authorities. Both OPM's recent efforts and the legislation under consideration today expand the flexibilities, authorities, and responsibilities of federal agencies for the strategic management of their human capital. Third and finally, I will highlight what I believe to be some of the more promising provisions of what we understand are the emerging managers' amendments to S. 1603, The Federal Human Capital Act of 2001 (Federal Human Capital Act).

---

## GAO's Model of Strategic Human Capital Management

Our model of strategic human capital management<sup>4</sup> is designed to help agency leaders effectively lead and manage their people and integrate human capital considerations into daily decision-making and the program results they seek to achieve. In so doing, the model highlights the importance of a sustained commitment by agency leaders to maximize the value of their agencies' human capital and to manage related risks. Accordingly, it raises the bar for all of us—those in positions of leadership, federal managers, employees, unions, and human capital executives and their teams.

In publishing this model, we are aware that GAO is not the only agency releasing tools for strategic human capital management. As I noted before, OPM and OMB have developed tools that are being used to assess human

---

<sup>4</sup>U.S. General Accounting Office, *A Model of Strategic Human Capital Management, Exposure Draft*, GAO-02-373SP (Washington, D.C: Mar. 2002). The model and other General Accounting Office products discussed in this statement are available at [www.gao.gov](http://www.gao.gov).

---

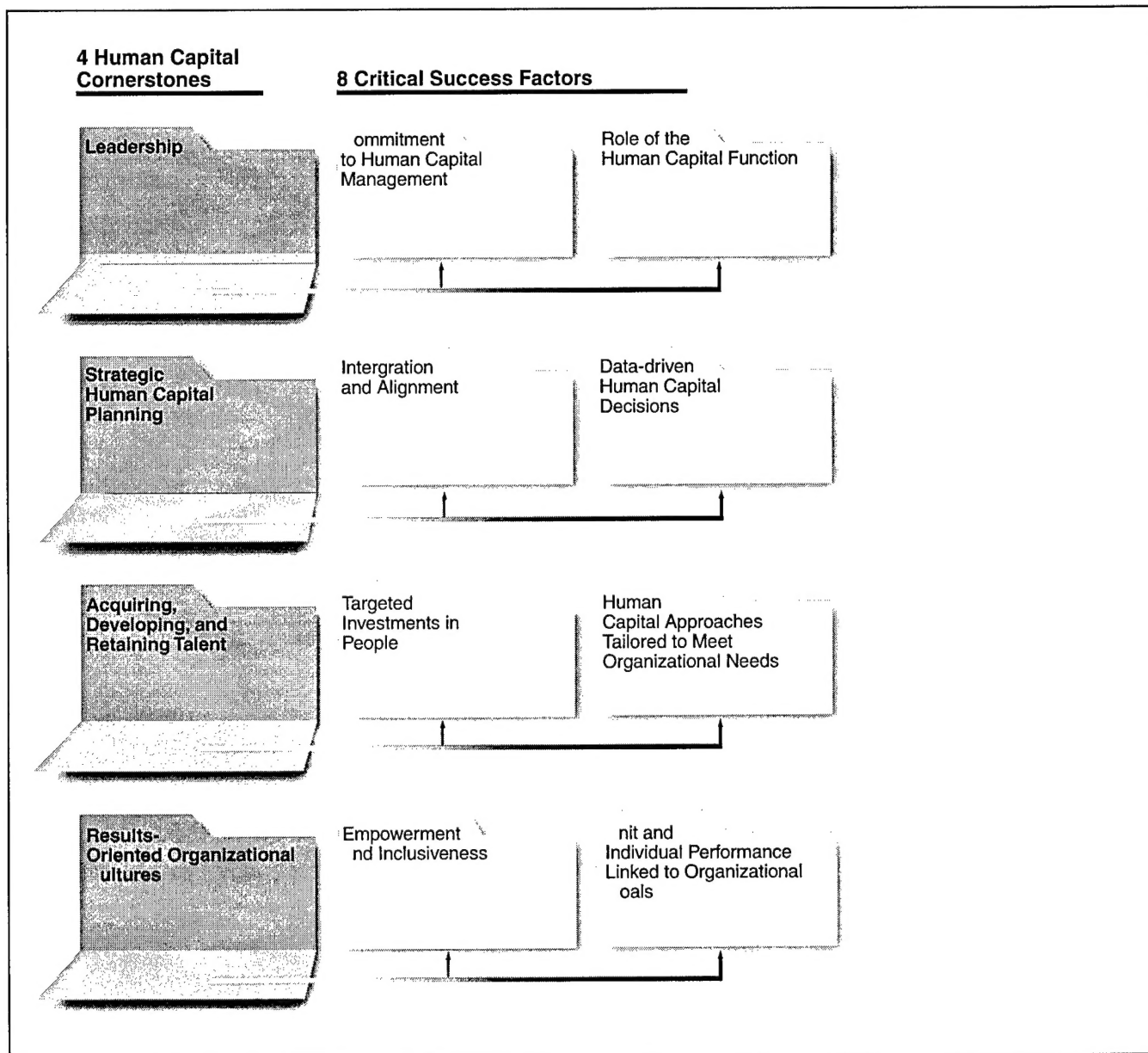
capital management efforts. While GAO's human capital model was developed independently of OPM and OMB, we provided drafts of the model for their review prior to publication to help ensure that the three efforts are conceptually consistent. We hope that the perspective and information provided in our model will help inform agencies' efforts to respond to the administration's management initiatives, such as getting to "green" on OMB's management scorecard, and using the tools developed by OPM. Over the coming months, we will work with OPM, OMB, Congress, and others to explore opportunities to develop a more fully integrated set of guidance and tools for agencies for addressing their human capital challenges.

Consistent with OPM's and OMB's views, our model of strategic human capital management embodies an approach that is fact-based, focused on strategic results, and incorporates merit principles and other national goals. As such, the model reflects two principles central to the human capital idea:

- People are assets whose value can be enhanced through investment. As with any investment, the goal is to maximize value while managing risk.
- An organization's human capital approaches should be designed, implemented, and assessed by the standard of how well they help the organization pursue its mission and achieve desired results or outcomes.

The model highlights the kinds of thinking that agencies should apply, as well as some of the steps they can take, to make progress in managing human capital strategically. The heart of the model consists of eight critical success factors, which are organized in pairs to correspond with four cornerstones of effective strategic human capital management.

**Figure 1: Critical Success Factors Organized By Human Capital Cornerstones**



---

## Leadership

A critical element of any successful organizational cultural transformation is the demonstrated commitment of top leaders to change.<sup>5</sup> Specifically, agency leaders, political and career alike, must embrace strategic human capital management and related change management approaches. Agency leaders need to see people as vital assets to organizational success and must invest in this valuable asset. Agencies can foster this thinking and commitment in their future leaders through efforts such as succession planning and executive development. In addition, agencies need to hold managers accountable for effectively managing people and actively supporting these concepts. Commissioner Rossotti's efforts at the Internal Revenue Service (IRS) provide one clear example of leadership's commitment to change. The Commissioner has articulated a new mission for the agency, together with a set of strategic goals that balance customer service and compliance with tax laws. The Commissioner is personally leading the effort to realign organizational units, programs, and resources to achieve the new mission and goals. The Commissioner's recent announcement that he plans to leave IRS in November underscores the importance of political and career leadership working together to develop, implement, and sustain transformational change initiatives. These changes are critical but often take years and span periods far beyond the tenure of a single political appointee.

Federal leaders must also integrate the human capital function into agencies' core planning and business activities. Human capital professionals must partner with agency leaders, line managers, and unions in developing strategic and program plans. In short, top human capital professionals in agencies across the government must move from the "back room to the boardroom." Leaders must devote the resources necessary to retool employees in human capital offices so that they are prepared and empowered to provide a range of technical and consultative services. As part of this transition, continuing efforts are needed to streamline and automate personnel transactions to free up resources so that the human capital office can devote more time to providing consultative services to line managers as they seek to integrate human capital into their management activities.

---

<sup>5</sup> U.S. General Accounting Office, *Management Reform: Elements of Successful Improvement Initiatives*, GAO/T-GGD-00-26 (Washington, D.C.: Oct. 15, 1999).

---

## Strategic Human Capital Planning

Agencies must establish a clear set of organizational intents, including a clearly defined mission, core values, goals and objectives, and strategies, and then integrate their human capital approaches to support their strategic and programmatic goals. Agencies need to constantly reevaluate their human capital approaches as program priorities and strategies change. Agency strategic human capital planning must be results-oriented and data-driven, including, for example, information on the appropriate number and location of employees and their key competencies and skills. Strategic workforce planning documents should include data on the agency's workforce profile, performance goals and measures for human capital approaches, and areas requiring agency attention. The Air Force Materiel Command, for example, has collected important human capital data and used it to develop human capital strategies to ensure the organization has the appropriate mix of civilian, military, and contract employees to meet future business needs.

---

## Acquiring, Developing, and Retaining Talent

Agencies must identify their current and future human capital needs and then create strategies for filling the gaps. An important part of these strategies is targeted investments to provide resources for the planning, implementation, and evaluation of human capital initiatives. Agencies that focus on strategic human capital management realize that as the value of their people increases so does the performance capacity of the organization. This investment is valuable for both employers and employees alike. Our ongoing work at the State Department provides an example of how targeted human capital investments can pay off for an agency. To enhance its information technology (IT) workforce, State provides incentives and retention allowances to IT personnel who obtain job-related degrees and certifications. This program has helped State increase its information technology skills base and aided in the recruitment and retention of IT professionals.

Agencies focusing on strategic human capital management develop a tailored approach to use the personnel authorities that are appropriate for their particular organization and its needs. Under current laws, rules, and regulations, agencies have the flexibility to offer competitive incentives to attract employees with critical skills; to create the kinds of performance incentives and training programs that motivate and empower employees; and to build constructive labor-management relationships that are based on common interests and are in the public interest. Agencies should develop a sound business case for using these flexibilities by focusing on how a given flexibility will address human capital challenges and ultimately improve agency results.



---

## Results-Oriented Organizational Cultures

Effective human capital strategies require a collaborative environment where a diverse set of managers, teams, and employees are empowered to accomplish programmatic goals. A key ingredient to developing a results-oriented culture is for agencies to involve employees in decision-making either directly or through employee unions and organizations, as appropriate. Involving employees in the planning process helps to develop agency goals and objectives that incorporate insights about operations from a front-line perspective. Involving employees can also serve to increase employees' understanding and acceptance of organizational goals and objectives and improve motivation, morale, and retention.<sup>6</sup> Agencies also must promote and achieve a diverse workplace that meets the needs of workers of all backgrounds. Not only do effective agencies maintain a "zero tolerance" for discrimination; they also realize that an inclusive workforce is a competitive advantage.

Another success factor of a results-oriented culture is a performance management system that creates a "line of sight" showing how individual employees can contribute to overall organizational goals. Agencies who effectively implement such a system must first align agency leaders' performance expectations with organizational goals and then cascade performance expectations to other organizational levels. These employees are then held accountable for their contributions to desired results. The performance management systems of leading organizations typically seek to achieve three key objectives. First, they strive to provide candid and constructive information to individual employees to enable those employees to maximize their contributions to the organization's goals and achieve their personal potential. Second, they seek to provide management with the objective and fact-based information it needs to reward top performers. Third, the performance management systems provide the necessary information and documentation to deal with poor performers.

Leading organizations also use their performance management systems as a key tool for managing the organization on a day-to-day basis, facilitating communication throughout the year so that discussions about individual and organizational performance are ongoing. For example, the Veterans Health Administration holds key leaders accountable for results by establishing performance agreements that consist of "core competencies,"

---

<sup>6</sup>U.S. General Accounting Office, *Human Capital: Practices that Empowered and Involved Employees*, GAO-01-1070 (Washington, D.C.: Sept. 14, 2001).

---

agencywide goals, and specific performance goals that gauge the organization's progress toward meeting the agency mission.<sup>7</sup> These performance agreements are used continuously throughout the year as a basis for monitoring organizational progress, identifying performance gaps, and making needed program adjustments.

Finally, agencies should also balance their pay and incentive programs to encourage both individual and team contributions to achieving results. Congress and the Administration have repeatedly expressed a commitment to more fully link resources to results. The American people expect and deserve this linkage as well. However, we will never achieve this linkage without modern and effective performance management strategies. In my view, much greater emphasis needs to be placed on performance management and its linkage to compensation.

---

## Key Practices Needed to Effectively Use Human Capital Authorities

I would now like to turn to a more detailed discussion regarding the third cornerstone of our model—the tailored use of human capital flexibilities for acquiring, developing, and retaining talent. For years, the civil service system as a whole has been viewed by many as burdensome to managers, unappealing to ambitious recruits, hidebound and outdated, overregulated, and inflexible. While comprehensive civil service reform may likely be necessary in the coming years, agencies do not have to wait for legislative reform to occur to make needed improvements in human capital management. As I have testified previously, agencies need to make concerted efforts in identifying and maximizing the flexibilities already available under existing personnel laws, rules, and regulations.

The Federal Human Capital Act that we are discussing today would expand the authorities available to agencies to strategically manage their workforces. A study that we are conducting for this subcommittee and others is looking at agencies' use of the flexibilities currently available and therefore is informative to the current discussion. As part of this study, we interviewed major department and agency human resource directors and on the basis of those discussions and our related work, we identified a preliminary list of key practices agencies need to undertake in order to make effective use of personnel authorities:

---

<sup>7</sup> U.S. General Accounting Office, *Managing for Results: Emerging Benefits From Selected Agencies' Use of Performance Agreements*, GAO-01-115 (Washington, D.C.: Oct. 30, 2000).

- 
- 
- *Plan strategically and make targeted investments.* Agencies need to ensure that the use of flexibilities is part of an overall human capital strategy clearly linked to the program goals of the organization. Agencies also need a sound business case for how they will use and fund the authorities.
  - *Ensure stakeholder input in developing policies and procedures.* Agency leaders, managers, employees, and employee unions must work together to effectively implement any flexibility or new personnel authority in order to reach agreement on the need for change, the direction and scope that change will take, and how progress will be assessed.
  - *Educate managers and employees on the availability and use of authorities.* Human capital offices need to ensure that they have an effective campaign not only to inform managers of their personnel authorities, but also to explain the situations where the use of those authorities is appropriate. Agencies also need to inform employees about relevant policies and procedures and about the employees' rights related to the use of these authorities.
  - *Streamline the administrative processes.* Agencies should streamline administrative processes for using flexibilities and review self-imposed constraints that may be excessively process-oriented. Human resource directors said that managers often complain that complicated forms and multiple approval levels hamper the use of flexibilities. In the absence of a simple process, busy supervisors and managers may not make the effort to seek the approval to use a flexibility. Reengineering self-imposed processes could yield substantial opportunities for the additional use of flexibilities. To the extent that agencies identify regulatory or statutory barriers to flexible human capital approaches, they should work with OPM and OMB to seek the necessary regulatory or statutory changes.
  - *Build accountability into the system.* To ensure accountability, agencies should delegate authority to use flexibilities to appropriate levels within the agency. Agencies must develop clear and transparent guidelines for using flexibilities. Agencies must then hold managers and supervisors accountable for their fair and effective use.
  - *Change the organizational culture.* While accountability is essential, agencies need to address managers' and supervisors' concerns that employees will view the use of some flexibilities, such as recruiting incentives or rewarding high performers, as unfair, and the belief that all employees must be treated essentially the same regardless of performance and agency needs. Managers should be encouraged to selectively use flexibilities based on clearly defined, well documented, and transparent guidelines.

---

While we will continue our work in this area, our preliminary view is that agencies need to employ these practices to effectively take advantage of the new authorities that are proposed in the legislation under consideration today. Working with the subcommittee and agencies, we are doing additional work to validate the list of practices and to identify specific examples of where an agency has successfully developed and employed each listed practice. Our hope is that this work will be helpful to agencies as they seek to maximize the use of personnel authorities—both those available under current law and regulation, and those additional authorities that may be granted in the future.

---

## Proposed Legislation Makes Positive Steps to Addressing Human Capital Challenges

Key provisions of the Federal Human Capital Act represent an important next step to helping agencies address their human capital management challenges. I appreciate the opportunity that the subcommittee provided to my staff and me to offer input as the legislation was being initially crafted. Many of the provisions contained in the bill are consistent with authorities GAO already has or has been urging for other federal agencies. Key provisions would make a positive contribution to each of the human capital management cornerstones I discussed earlier: leadership; strategic human capital planning; acquiring, developing, and retaining talent; and results-oriented organizational cultures. Since we provided detailed comments in earlier discussions with the subcommittee on the proposed bill as it was being crafted, this morning I will just comment on those provisions that I believe are particularly valuable in fostering the needed cultural transformation within agencies.

*Leadership* – The Federal Human Capital Act contains several provisions to strengthen leadership over human capital. We believe that federal agencies need to have a senior official responsible for the organization's strategic human capital management. The broad range of responsibilities for the chief human capital officer listed in the legislation are generally consistent with those that I have placed with GAO's chief human capital officer. GAO's chief human capital officer, as a key member of our executive team, provides human capital services to all headquarters and field staff in support of GAO's strategic direction and key efforts. While designating a chief human capital officer is a very positive step, it should not in any way be seen as reducing the responsibilities that the agency's highest leadership has for human capital issues. In knowledge-based organizations, including most federal agencies, where people are the organization's most important asset, attention to the organization's human capital is one of the primary responsibilities of the head of that organization. Creating a chief human capital officer council, modeled on

---

the chief financial officer and the chief information officer councils, also is a very good idea in my view. We have reported in the past that the use of councils to develop and implement initiatives to address federal management issues and to serve as “communities of interest” to, among other things, share best practices, was one of the major positive public management developments over the past decade.<sup>8</sup>

As a next step, the subcommittee may wish to consider creating statutory chief operating officers (COO) within major executive branch agencies. While various models for structuring such a position could be used, the basic idea is to create a position that would be responsible for major, long-term management, cultural transformation, and stewardship responsibilities within the agency. These long-term responsibilities are professional and nonpartisan in nature. They cover a range of “good government” responsibilities that are fundamental to effectively executing any administration’s program agenda. The nature and scope of the cultural transformation that needs to take place in many agencies across the federal government will take years to accomplish—easily outrunning the tenures of most political appointees. For example, the business transformation efforts that are underway at the Department of Defense may take a decade or more to be fully and effectively implemented. Secretary Rumsfeld and his leadership team are clearly committed to making the necessary changes. A COO at Defense and elsewhere, subject to a clearly-defined, results-oriented performance contract, could provide the continuity that spans the tenure of the political leadership and help ensure that long-term stewardship issues are addressed and change management initiatives are successfully completed. In this sense, these statutory COOs would differ from—but hopefully complement—the role often assumed by the deputy secretaries in the agencies. We would be pleased to work with the subcommittee should you wish to explore this idea.

*Human Capital Planning* – The legislation also addresses key strategic human capital planning issues. It underscores the need for agencies to clearly and directly link their human capital planning efforts with their strategic and program plans developed under the Government Performance and Results Act. Moreover, I believe that the early retirement

---

<sup>8</sup> U.S. General Accounting Office, *Government Management: Observations on OMB’s Management Leadership Efforts*, GAO/T-GGD/AIMD-99-65 (Washington, D.C.: Feb. 4, 1999).

---

and buy-out authorities are important provisions. The changes make appropriate recognition of the need to consider employee skills and abilities—in addition to longevity—when making such decisions as a part of overall workforce planning. As our own experience in GAO has shown, such authorities can and should be used to help “get agencies in shape” to respond to current and emerging needs rather than as a blunt instrument for downsizing. Over time, Congress may wish to consider adding employee performance as a factor that can be considered in making rightsizing decisions, consistent with the authorities that were provided to GAO. However, before performance could be included as a factor, agencies would need to ensure that they have modern effective and validated performance management systems in place that are able to support such decisions.

*Attracting, Developing, and Retaining Talent* — Several provisions strengthen agencies’ abilities to attract, develop, and retain talent. The increased flexibility in the amount and timing of the payments for recruiting, relocation, and retention bonuses is particularly noteworthy. Agency human resource directors told us that these flexibilities were among the most effective. The provisions that authorize agencies to pay for academic training for employees should have a positive influence in addressing recruitment and retention challenges as well as helping to build the knowledge and skills of the organizations’ people.

I have often noted that much of what needs to be done in regard to federal human capital management can be done now under agencies’ existing authorities. Thus, while we should continue to seek appropriate regulatory and statutory changes that would help streamline the federal hiring process, the agencies need not and should not wait. For example, they need to make sure that they have the recruitment programs in place to compete effectively for needed talent. This includes having well defined and creative recruiting strategies and appropriate processes in place to communicate with applicants and prospective employees in a timely manner.

I agree with the legislation’s efforts to instill a more strategic approach to federal employee training efforts. Agencies’ training and development programs should be based on the skills and competencies agencies need and be directly linked to program goals and desired results. Agreeing on expected results and associated performance measures at the outset for training and development efforts can also help ensure that credible evaluation results will be available to provide feedback on performance. A systematic evaluation of training and development efforts can help show

---

how such efforts contribute to individual and organizational performance and suggest opportunities for further improvement.

*Results-Oriented Culture* – As you know, I believe that a much greater emphasis should be placed on skills, knowledge, and performance in connection with federal employment and compensation decisions at all levels, rather than the passage of time and rate of inflation, as so often is the case today. In fact, over 80 percent of the cost associated with the annual increases in federal salaries is due to longevity and the annual pay adjustment. In recent years, widespread concern has been expressed about the methodology and results of the procedures to determine the federal pay gap. These concerns are among the reasons that the pay gap has never been fully addressed. I believe that careful study is needed to develop more realistic and workable methodologies and solutions to federal pay issues. Part of that assessment should focus on options for moving away from a compensation system that contains governmentwide pay increases with locality adjustments, and toward a system that is based to a greater degree on knowledge, skills, abilities, and performance of the individuals involved. Additional information on the performance management programs in use in various departments and agencies and the relative strengths and weaknesses of those programs, along with best practice information, would also prove very helpful as agencies seek to link pay to individual knowledge, skills, abilities, and performance. Congress may wish to consider amending the legislation to require that these studies be undertaken; specifically, (1) a professional, objective, and independent assessment of the pay gap and (2) a survey and assessment of performance management systems and programs across the government with a view toward identifying lessons learned and best practices in linking pay to employees' knowledge, skills, abilities, and performance.

I fully appreciate that much work may be needed before agencies' respective performance management systems are able to support a more direct link between pay and individual knowledge, skills, abilities, and performance. OPM certainly has a continuing and vital role to play on these issues. I understand that OPM is working on a white paper that should help inform the needed discussions. I expect that the greater use of "broad banding" is one of the options under consideration. In fact, as it considers the legislation, Congress may also wish to explore the benefits of (1) providing OPM with additional flexibility that would enable it to grant a governmentwide authority for agencies (that is, class exemptions) to use broad banding for certain critical occupations and/or (2) allowing agencies to apply to OPM (that is, case exemptions) for broad banding authority for their specific critical occupations. However, agencies should



---

be required to demonstrate to OPM's satisfaction that they have modern, effective, and validated performance management systems before they are allowed to use broad banding.

The Federal Human Capital Act recognizes the importance of a results-oriented culture by focusing attention on poor performers, whose affect on agencies' performance and morale can far exceed their numbers. Still, while important, dealing with poor performers is only part of the problem; agencies need to create additional incentives and rewards for valuable and high-performing employees, who represent the vast majority of the federal workforce. As I have just noted, to achieve this objective, more fundamental change will need to be considered.

In summary, Mr. Chairman, I believe that there is no more important management reform than strategic human capital management. We all need to seize the momentum that has recently emerged—agencies must use existing authorities to strategically manage their people; Congress, as it is doing with the proposed legislation, needs to consider statutory changes in the short term; and all interested parties need to consider more transformational changes for the longer term. Our model of strategic human capital management and our related work are designed to assist Congress and agencies in this regard. I look forward to continuing to work with Congress, OPM, OMB, the agencies, and others as we jointly seek to address the human capital challenges that are undermining agencies' effectiveness now and as they prepare for the future.

Thank you again for your continuing attention to human capital reform. The leadership shown by this subcommittee, by holding this and related hearings and in its oversight generally, has both helped to create and increase the needed momentum for change and highlight the need for, and direction of, possible solutions. I would be pleased to respond to any questions you or other Members of the subcommittee may have.

---

## Contact and Acknowledgments

For further information regarding this testimony, please contact J. Christopher Mihm, Director, Strategic Issues, on (202) 512-6806 or at [mihmj@gao.gov](mailto:mihmj@gao.gov). Individuals making key contributions to this testimony included Ridge Bowman, Scott Derrick, Ellen Rubin, Shelby D. Stephan, Edward Stephenson, and Jamie Whitcomb.



---

## GAO's Mission

The General Accounting Office, the investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents is through the Internet. GAO's Web site ([www.gao.gov](http://www.gao.gov)) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO E-mail this list to you every afternoon, go to [www.gao.gov](http://www.gao.gov) and select "Subscribe to daily e-mail alert for newly released products" under the GAO Reports heading.

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: [www.gao.gov/fraudnet/fraudnet.htm](http://www.gao.gov/fraudnet/fraudnet.htm),  
E-mail: [fraudnet@gao.gov](mailto:fraudnet@gao.gov), or  
1-800-424-5454 or (202) 512-7470 (automated answering system).

---

## Public Affairs

Jeff Nelligan, Managing Director, [NelliganJ@gao.gov](mailto:NelliganJ@gao.gov) (202) 512-4800  
U.S. General Accounting Office, 441 G. Street NW, Room 7149,  
Washington, D.C. 20548